

**§ 1218.50 Timing of payment.**

(a) Royalty payments are due at the end of the month following the month during which the oil and gas is produced and sold except when the last day of the month falls on a weekend or holiday. In such cases, payments are due on the first business day of the succeeding month. Rental payments are due as specified by the lease terms.

(b) Invoices will be issued and payable as final collection actions. Payments made on an invoice are due as specified by the invoice.

(c) All payments to ONRR are due as specified and are not deferred or suspended by reason of an appeal having been filed unless such deferral or suspension is approved in writing by an authorized ONRR official.

(d)(1) Notwithstanding the provisions of paragraph (a) of this section and corresponding lease terms and §1210.52 of this chapter, the due date for submittal of royalty payments and Reports of Sales and Royalty Remittance (Form MMS-2014) for the production months of July, August, September, and October 2005 for Federal offshore and on-shore oil and gas leases by oil and gas lessees or royalty payors who make the certification required under paragraph (d)(2) of this section is extended until January 3, 2006.

(2) The extended due dates in paragraph (d)(1) of this section will apply to royalty payments and Reports of Sales and Royalty Remittance (Form MMS-2014) by any lessee or royalty payor who certifies that a hurricane that struck the Gulf of Mexico coast of the United States in August or September 2005 disrupted the lessee's or payor's operations to the extent that it prevented the lessee or royalty payor from making an accurate royalty payment or submitting an accurate Form MMS-2014.

(3) A lessee's or royalty payor's certification under paragraph (d)(2) of this section that it is unable to generate and submit either an accurate royalty report or an accurate royalty payment will extend the due date for both royalty reporting and royalty payment.

(4) Paragraphs (d)(1) through (d)(3) of this section do not apply to Indian leases or to Federal leases for minerals other than oil and gas.

(5) Certifications under paragraph (d)(2) of this section should be submitted either:

(i) By mail to: Robert Prael, Financial Manager, Office of Natural Resources Revenue, P.O. Box 25165, MS 350B1, Denver, CO 80225-0165, or

(ii) By e-mail to *Robert.Prael@mms.gov*.

(e)(1) A lessee or royalty payor who submits a certification required under paragraph (d)(2) of this section may rely on the extended due dates prescribed in paragraph (d)(1) of this section unless and until ONRR notifies the lessee or royalty payor or operator that ONRR does not accept the certification.

(2) If ONRR notifies the lessee or royalty payor that ONRR does not accept the lessee's or royalty payor's certification under paragraph (d)(2) of this section, the due date for royalty payments and Reports of Sales and Royalty Remittance will be the date specified in the notice.

[49 FR 37346, Sept. 21, 1984, as amended at 70 FR 56853, Sept. 29, 2005; 73 FR 15898, Mar. 26, 2008]

**§ 1218.51 How to make payments.**

(a) *Definitions.*

*ACH*—Automated Clearing House. A type of EFT using the ACH network.

*Courtesy Notice*—An ONRR-issued notice of rental or bonus due.

*Deferred Bonus Payment*—Lease bonus paid in equal annual installments over a specified number of years.

*EFT*—Electronic Funds Transfer. Any paperless transfer of funds a bank initiates through an electronic terminal. For ONRR purposes, EFT is limited to FEDWIRE and ACH transfers.

*FEDWIRE*—A type of EFT using the Federal Reserve Wire network.

*Invoice document identification*—The ONRR-assigned invoice document identification (three-alpha and nine-numeric characters).

*Payment*—Any monies for royalty, bonus, rental, late payment charge, assessment, penalty, or other money sent to ONRR.

*Person*—Any individual, firm, corporation, association, partnership, consortium, or joint venture (when established as a separate entity). The term does not include Federal agencies.

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*Report*—Form MMS-2014, *Report of Sales and Royalty Remittance*.

*RIK*—Royalty in kind.

(b) *General instructions*. You must make all payments to ONRR electronically to the extent it is cost effective and practical. If you pay money to ONRR or to an Indian tribe or allottee, you must follow these procedures:

(1) If ONRR instructs you to use EFT, you must use EFT for all payments to ONRR and/or a tribe.

(2) Contact ONRR before using EFT. ONRR will provide you with EFT payment instructions.

(3) Separate any payments on a Federal lease from any payments on an Indian lease.

(4) If you are not required to use EFT, use one of the following types of payment documents. ONRR prefers that you use these payment documents in the order presented:

(i) Commercial check drawn on a solvent bank;

(ii) Certified check;

(iii) Cashier's check;

(iv) Money order;

(v) Bank draft drawn on a solvent bank; or

(vi) Federal Reserve check.

(5) You must include your payor code on all payments.

(6) You must pay in U.S. dollars.

(c) *How to complete a non-EFT payment*. (1) Make any payment on a Federal lease payable to: "Department of the Interior—Office of Natural Resources Revenue" or "DOI-ONRR."

(2) For an Indian allottee payment, send a separate payment for each Bureau of Indian Affairs (BIA) agency or area office represented by the leases on your report or invoice document. You must include the name of the applicable BIA agency or area office on your payment. Make your payment document payable to: "Department of the Interior—Office of Natural Resources Revenue for BIA [Name] Agency (allotted)" or "DOI-ONRR for BIA [Name] Agency (allotted)."

(3) For an Indian tribal payment other than a lockbox payment, send a separate payment for each tribe represented by the leases on your report or invoice document. You must include the name of the Indian tribe on your payment. Make it payable to: "Depart-

ment of the Interior—Office of Natural Resources Revenue for BIA [Name of Tribe]" or "DOI-ONRR for BIA [Name of Tribe]."

(4) For an Indian tribal lockbox payment, follow the instructions ONRR provides you on how to report and make the lockbox payment. These instructions are specific to each tribe's lockbox written agreement with the bank authorized to receive payments on the tribe's mineral leases. You will receive these instructions from ONRR when you are required to use a tribal lockbox for reports and payments.

(d) *Where to send a non-EFT payment when you use the U.S. Postal Service*. (1) For a payment to an Indian tribal lockbox, send your payment to the appropriate tribal lockbox address.

(2) For a Federal nonproducing lease rental or deferred bonus payment, send it to:

Office of Natural Resources Revenue, P.O. Box 5640, Denver, CO 80217-5640.

(3) For all other Federal and Indian lease payments other than those going to an Indian tribal lockbox, send them to:

Office of Natural Resources Revenue, P.O. Box 5810, Denver, CO 80217-5810.

(e) *Where to send a non-EFT payment when you use a courier or overnight delivery service*. You should send this type of payment to:

Office of Natural Resources Revenue, Building 85, Denver Federal Center, Room A-614, Denver, CO 80225-0165.

(f) *How to prepare and what to include on your payment document*. (1) For Form MMS-2014 payments, you must include both your payor code and your payor-assigned document number.

(2) For invoice payments, including RIK invoice payments, you must include both your payor code and invoice document identification.

(3) For bonus payments:

(i) For one-fifth bonus payments for offshore oil, gas, and sulphur leases, follow the instructions in the Notice of Lease Offering.

(ii) For payment of the four-fifths bonus for an offshore lease, use EFT and follow the instructions in § 1218.155(c).

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(iii) For the successful bidder's bonus in the competitive sale of a coal, geothermal, or offshore mineral (other than oil, gas or sulfur) lease, follow the instructions and terms of the Notice of Competitive Lease Sale.

(iv) For installment payments of deferred bonuses, you must use EFT.

(4) If you are paying a lease rental you must:

(i) See § 1218.155(c) for instructions on how to pay first-year rentals of an offshore oil, gas, or sulfur lease;

(ii) See the Notice of Lease Offering for instructions on how to pay first-year rentals other than those covered in paragraph (f)(4)(i) of this section.

(iii) Include the ONRR Courtesy Notice, when provided, or write your payor code and government-assigned lease number on the payment document when paying a rental that is not reported on Form MMS-2014 and not paid by EFT.

(g) *When is a payment to ONRR due?*

(1) All payments are due to ONRR at the time law, regulation, or lease terms require unless ONRR approves a change according to part 1243 of this chapter. If you file an appeal, and the requirement to submit payment is suspended, the original payment due date for purposes such as calculating late payment interest is not changed.

(2) If you use the U.S. Postal Service, courier, or overnight mail to send your payment, it is due at the ONRR addresses in paragraphs (d) and (e) of this section before 4 p.m. Mountain Time on the due date, regardless of when you sent it.

(3) If you use EFT to send your payment, it is due in the ONRR account by the payment due date. You are responsible for your actions or your bank's actions that cause a late or incorrect payment. You will not be held responsible for mechanical or system failures of EFT payments.

(h) *What happens if payments are late or overdue?* (1) If ONRR receives your payment late, ONRR will impose a late-payment interest charge under § 1218.54.

(2) If you do not pay an amount you owe, ONRR may assess civil penalties

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under part 1241 of this chapter or other applicable regulations.

[62 FR 19498, Apr. 22, 1997, as amended at 66 FR 45773, Aug. 30, 2001; 67 FR 19112, Apr. 18, 2002; 73 FR 15898, Mar. 26, 2008]

### § 1218.52 How does a lessee designate a Designee?

(a) If you are a lessee under 30 U.S.C. 1702(7), and you want to designate a person to make all or part of the payments due under a lease on your behalf under 30 U.S.C. 1712(a), you must notify ONRR or the applicable delegated state in writing of such designation by submitting Form MMS-4425, Designation Form for Royalty Payment Responsibility. Your notification for each lease must include the following:

(1) The lease number for the lease;

(2) The type of products you make payments for e.g., oil, gas.

(3) The type of payments you are responsible for e.g., royalty, minimum royalty, rental.

(4) Whether you are:

(i) A lessee of record (record title owner) in the lease; or

(ii) An operating rights owner (working interest owner) in the lease, and the percentage of your operating rights ownership in the lease;

(5) The name, address, Taxpayer Identification Number (TIN), and phone number of your Designee;

(6) The name, address, and phone number of the individual to contact for the person you named in paragraph (a)(5) of this section;

(7) Your TIN;

(8) The date the designation is effective;

(9) The date the designation terminates, if applicable, and

(10) A copy of the written designation;

(b) The person you designate under paragraph (a) of this section is your Designee under 30 U.S.C. 1701(24) and 30 U.S.C. 1712(a).

(c) If you want to terminate a designation you made under paragraph (a) of this section, you must submit a revised Form MMS-4425 before the termination stating:

(1) The date the designation is due to terminate; and